

Commodity Handling Charges

Commodity handling charges must be recorded properly on the district's general ledger. The transmittal notice received in conjunction with your aid payments will identify the dollar amount of any commodity handling charge. The commodity handling charge will reduce the total federal food service aid payment your district receives, but the district must record the gross amount of federal food service aid payments on its ledger.

The proper accounting treatment for recording commodity handling charges will be as follows (See sample transmittal notice on reverse side):

	<i>Source/Object</i>	<i>Function</i>	<i>Project</i>	<i>Dr. Amount</i>	<i>Cr.</i>
Dr. Cash	N/A	711000	N/A	10,871.02	
Cr. Federal Food Service Aid	717	500000	547		10,871.02
(this entry will record the actual cash wire transfer amount)					
Dr. Commodity Handling Charges Expenditure	387	257000	N/A	2,731.88	
Cr. Federal Food Service Aid	717	500000	547		2,731.88
(this entry will record the gross amount of federal food service aid received)					
Dr. Federal Food Service Aid	717	500000	547	500.00	
Cr. Commodity Handling Charges Expend.	387	257000	N/A		500.00
(this entry will record any necessary Commodity Handling Charge Credit issued by DPI)					

Commodity Handling Charges will be identified separately on the district's Aids Register. You will notice that total federal food service aid identified on the aids register will reflect the gross federal food service aid received before any reductions for commodity handling charges. Commodity Handling Charge Credits are treated as a reduction in the total Commodity Handling Charges incurred. The above entries will ensure that your district's general ledger accounts will agree with the amounts reported in the aids register.